

SENATE BILL NO. 13

INTRODUCED BY D. HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE SOFTWARE INTANGIBLE PROPERTY TAX EXEMPTION TO PROVIDE THAT THE EXEMPTION APPLIES ONLY TO SOFTWARE THAT IS NOT SUBJECT TO FEDERAL INCOME TAX LAW DEPRECIATION OR AMORTIZATION; AMENDING SECTION 15-6-218, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-218, MCA, is amended to read:

"15-6-218. Intangible personal property exemption. (1) Except as provided in subsection (3), intangible personal property is exempt from taxation.

(2) For the purposes of this section, "intangible personal property" means personal property that is not tangible personal property and that:

(a) has no intrinsic value but is the representative or evidence of value, including but not limited to certificates of stock, bonds, promissary notes, licenses, copyrights, patents, trademarks, contracts, software that is not depreciable or amortizable under the federal Internal Revenue Code, and franchises; or

(b) lacks physical existence, including but not limited to goodwill.

(3) The exemption for intangible personal property that is centrally assessed, other than property under 15-23-101(4) and (5), must be phased in over 3 years beginning in tax year 2000. Ten percent of the intangible personal property is exempt for tax year 2000, and two-thirds of the intangible personal property is exempt for tax year 2001. Centrally assessed intangible personal property is fully exempt from taxation in tax year 2002 and thereafter.

(4) The department shall adopt administrative rules prior to valuation determinations for tax year 2000 that specify the valuation methodology for centrally assessed intangible personal property. To the extent that the unit value includes intangible personal property, that value must be removed from the unit value according to the provisions in subsection (3).

(5) The department shall report intangible personal property annually to the revenue and transportation interim committee of the Montana legislature ~~and to the Montana legislature meeting in the year 2001.~~"

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2 NEW SECTION. **Section 2. Effective date -- retroactive applicability.** [This act] is effective on
3 passage and approval and applies retroactively, within the meaning of 1-2-109, to property tax years beginning
4 after December 31, 2001.

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